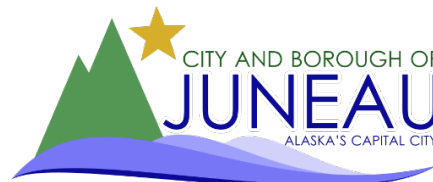


SPECIAL MEETING #2024-03 JOINT ASSEMBLY/BOARD OF EDUCATION MINUTES – DRAFT MINUTES

January 30, 2024, at 5:30 PM

Assembly Chambers/Zoom Webinar



Meeting 2024-03: The Special Joint Meeting of the City and Borough of Juneau Assembly and Juneau Board of Education, held in the Assembly Chambers, was called to order by Mayor Beth Weldon at 5:30 PM.

A. CALL TO ORDER

B. LAND ACKNOWLEDGEMENT

Deputy Mayor Hale provided the following land acknowledgement: We would like to acknowledge that the City & Borough of Juneau is on Tlingit land and wish to honor the indigenous people of this land. For more than ten thousand years, Alaska Native people have been and continue to be integral to the well-being of our community. We are grateful to be in this place, a part of this community, and to honor the culture, traditions, and resilience of the Tlingit people. Gunalchéesh!

C. ROLL CALL

Assemblymembers Present: Wade Bryson, Greg Smith, Christine Woll, 'Wáahlaal Gídaag, Paul Kelly, Deputy Mayor Michelle Hale and Mayor Beth Weldon. Alicia Hughes-Skandijs joined at 5:38pm and Ella Adkison joined at 5:43pm.

Board of Education Members Present: Deedie Sorenson, Will Muldoon, Elizabeth Siddon, Emil Mackey, Amber Frommherz, Brittany Cioni-Haywood, and David Noon (present until 7:58pm).

CBJ Staff Present: City Manager Katie Koester, Deputy City Manager Robert Barr, Municipal Attorney Robert Palmer, Municipal Clerk Beth McEwen, Deputy Municipal Clerk Andi Hirsh, Assistant Attorney Emily Wright, Finance Director Angie Flick, Assistant Attorney Sherri Layne, Budget Manager Adrien Wendel, Building Maintenance Supervisor Nate Abbott, Assistant Attorney Christopher Storz.

JSD Staff Present: Chief of Staff Kristen Bartlett, Superintendent Frank Hauser, Director of Teaching and Learning Support Kristin Garot

D. AGENDA TOPICS

1. Assembly/School Board Discussion of Juneau School District (JSD) Finances:

i. Summary of January 29, 2024, Assembly Committee of the Whole (COW)

Mayor Weldon expressed the Assembly's frustration at the fiscal mismanagement of education funds. She said the Board of Education (School Board) has broken the public's trust. She asked Superintendent Hauser to finish his presentation from the January 29, 2024, Committee of the Whole meeting.

Superintendent Hauser said he covered the current Juneau School District (JSD) budget deficit of \$8 million dollars, and the budget assumptions made at the January 29, 2024, Committee of the Whole meeting. He said the presentation tonight was focused on how to close the deficit. He noted that data trends highlighted decreasing student enrollment and therefore decreasing revenue. The district lost 1,533 students since 2000.

Mr. Hauser said the Base Student Allocation (BSA) was the primary source of revenue for the district and due to inflation, the purchasing power for the district decreased 21.4% since 2012. He noted in the last year districts across the state received a \$30, or .5%, increase in the BSA, which was the first increase since 2017. Mr. Hauser estimated JSD will receive \$31 million from the State, down from almost \$40 million in FY17.

He said the board is required to pass balanced budgets for FY24 and FY25 and that the board cannot make small line-item decisions to address the FY24 deficit of \$8 million dollars. He said salaries and benefits make

up almost 90% of the annual budget, with the majority of that going to teachers, paraeducators, counselors, specialists, and librarians.

Mr. Hauser said restructuring by consolidating buildings is necessary. He noted that a rough estimate of cost savings through the elimination of duplicate staff for consolidating would be \$668,000 for an elementary school, \$913,000 for a middle school, and \$1,300,000 for a high school. He said the district has proposed five (5) different models for consolidation and closures. He said there would be some utilities savings as well.

Mr. Hauser said JSD planned to ask CBJ to cover some non-instructional shared services such as maintenance, utilities, property insurance, and operations or custodial costs. He noted that the facilities are owned by CBJ and operated by JSD.

Ms. Hale asked about feedback to the different consolidation models. Mr. Hauser said they have received a lot of feedback through email, public comments, and conversations with students, and will be sending out surveys as well. He summarized the 5 potential models which were:

1. Six K-6 elementary schools, one 7-8 middle school, two 9-12 high schools
2. Three K-3 lower elementary, three 4-6 upper elementary, one 7-8 middle school, two 9-12 high schools
3. Three K-3 lower elementary, three 4-6 upper elementary, one 7-9 middle school, one 10-12 high school
4. Three K-3 lower elementary, three 4-6 upper elementary, one 7-8 middle school, slow transition to one high school in 2025/2026 school year
5. Three K-3 lower elementary, three 4-6 upper elementary, one 7-8 middle school, one 9-12 high school. He said capacity would be very tight in the high school in this model.

Mr. Hauser said by combining the high school the district would receive less funding due to how the State's foundation formula worked based on school size but was unable to provide specific numbers at this point. Mr. Hauser said they are waiting on demographic numbers which should be provided the following week which will allow for better estimates for each potential model. Mr. Hauser said the other major factor is pupil-teacher ratio (PTR).

Mr. Bryson asked about how they prioritized which schools to close. Mr. Hauser said it was primarily based on building capacity numbers; Juneau-Douglas High School would be at 98% capacity with a 9-12 consolidation and Thunder Mountain High School would be at 142% capacity with a 9-12 consolidation. He said that if one of the middle schools closed then a facility would open for Juneau Community Charter School (JCCS) or alternative programs. Mr. Bryson asked how it would save the district money if a facility was repurposed for another school building. Mr. Hauser said that they would move school programs around so that the oldest and most expensive buildings would be released back to CBJ.

Mr. Smith asked about staff and unions. Mr. Hauser said a main goal is to manage attrition and staff needs, retaining as many staff as possible while still addressing the deficit. He said there has not yet been negotiations with unions because they do not know which schools will be closed.

Mr. Kelly asked what financial accountability measures will be implemented. Mr. Muldoon said the Finance Committee started reviewing raw financials after the FY22 audit, which was how they discovered that the projections were off. He said that led them to hiring a financial contractor specifically to help clean up the budget, during which it was found that the budget software was not being used properly. He said that should be working correctly by the beginning of the next school year. Mr. Hauser said the priority was to stabilize the financials. He said the school district is very thin on the administrative size and there is more work to be done on making the financial systems more streamlined.

Wáahlaal Gídaag asked if there were models about additional student loss with consolidation. Mr. Hauser said that enrollment projections were higher than realized for the last couple of years. He said his

recommendation to the Board is to build a budget based on conservative enrollment projections instead of hopeful ones. Mr. Hauser said programming for kids and choices for parents help build enrollment.

ii. Review of JSD Dynamic Budget Tool

Mr. Hauser reviewed a spreadsheet tool that had budget items included in it. He said there are five categories that are manipulatable, which relate to the different ways that CBJ and JSD may do cost-sharing, including CBJ covering some maintenance, utilities, insurance, custodial operations, or a loan. Mr. Hauser provided an example for the Assembly with a variety of shared services covered at different rates.

Mr. Bryson noted that this does not reduce the school district's budget through cost saving measures and instead moves those costs to CBJ and the general taxpayer. Mr. Hauser said conversations about consolidation and raising pupil-teacher ratios are occurring as well.

Mayor Weldon asked if shared services meant that CBJ would take over the services or if CBJ would just pay the school district to continue to run the services. Mr. Hauser said he would want to keep the maintenance staff as part of the JSD staff. He noted for utilities there are many events that are non-instructional that take place on weekends and in the summer. Mayor Weldon, not speaking for the full Assembly, said she was not in favor of contracting maintenance with JSD instead of taking over the program and running an efficient area-wide maintenance program.

Ms. Adkison asked if JSD has sought the Alaska Department of Education and Early Development (DEED)'s opinion on which items might fall outside of the cap. Mr. Palmer said they had a preliminary conversation with DEED and they did not receive a firm answer. Mr. Palmer said there were fair arguments that could be made about how not all insurance and utilities costs go towards instruction.

Ms. Hughes-Skandijs said CBJ and JSD have already received notification from DEED that they have exceeded the cap. Mr. Palmer said the State of Alaska has a legal requirement to provide public education and DEED has a responsibility to help CBJ and the JSD find a solution. Mr. Muldoon noted that JSD has union contracts which might affect this process.

Mr. Hauser said it is hard to project out the FY25 budget. He asked the Assembly to consider tiered down support for FY25 while discussing FY24.

iii. JSD Deficit: Discussion on Path Forward

Ms. Koester said staff are looking for direction on loan types and conditions and highlighted five different options including a loan from DEED, a traditional bank loan, a CBJ treasury loan, a hybrid loan with a local bank and security provided by CBJ, or a unique CBJ loan by ordinance. Ms. Koester recommended a CBJ loan by ordinance that includes the condition that a finance staff person reports to the CBJ Finance Director about JSD finances for the duration of the loan. Ms. Hughes-Skandijs asked about the feasibility of the various loan types given the tight timeline to submit JSD's budget to DEED. Ms. Koester said the CBJ loan by ordinance was the most feasible.

Ms. Adkison asked if DEED had any concerns about the loan violating the federal disparity test. Mr. Palmer said there may be concerns and noted that Alaska is the last state in the nation to follow the federal disparity test. He said as of two years ago Alaska was not complying with it, so this would not impact that.

Mr. Smith asked if there are significant savings the school district will realize before the end of the year that might affect the loan amount. Mr. Hauser said they are looking for savings, including a hiring freeze and reorganization of maintenance staff, but said the \$8 million was the starting point of a potential loan.

Mr. Muldoon said a motion for a loan has not yet been made by the school board but noted that they will not meet their charter and statutory regulations without one. He said it can be viewed as a debt consolidation loan and would buy the school district time to make more structural changes. Mr. Mackey said the loan needs to be spread out evenly across multiple years to have the least effect on students.

‘Wáahlaal Gídaag asked what paying back \$8 million over a five-year period would look like operationally. Mr. Muldoon said it would be through cuts. He said the district needed to make about \$16 million in cuts over the five years; \$8 million to cover the current deficit, plus reducing annual operations by \$8 million to prevent future deficits. Mayor Weldon said the five-year deadline came from DEED, not CBJ.

Both the Assembly and the School Board agreed to the concept of having a joint finance staff member.

Mayor Weldon asked about the loan payback timeline. Mr. Muldoon said that the proposed payback schedule from CBJ, which consolidated the payments to FY26-28 worked; he said it will take 2-3 years to realize cuts from structural changes.

Ms. Koester asked for direction on what shared services CBJ could take on for JSD. She highlighted taking over JSD’s building maintenance as one option. She said CBJ owns all JSD facilities and centralizing JSD and CBJ maintenance staff would be more efficient. She noted that since JSD has approximately double the square footage of CBJ it would add an additional \$3.5 to \$4 million annually to the CBJ budget, and recommended this might be for future years as there is not enough time to implement an operational pivot in the current year.

Ms. Hughes-Skandijis said she strongly favored CBJ consolidating building maintenance into one organization compared to CBJ paying for JSD maintenance with the entities remaining separate. She noted JSD does not have an incentive to maintain the buildings, because routine maintenance and teacher’s budget both are within the cap while major maintenance is paid through bonds. Ms. Adkison agreed and added she thought that building maintenance was one of the more defensible items to take over, regarding DEED and the state cap funding.

Mr. Kelly asked about current JSD maintenance staff. Ms. Koester said it was a chicken and egg situation; not having direction from the Assembly and School Board about this means they have not proceeded with staffing plans. She said they do not anticipate any cuts to building maintenance overall.

Mr. Hauser said the wear and tear on school buildings is greater and different than standard CBJ buildings. He said the dedicated maintenance staff are specially trained to keep kids safe. He said it is important for JSD to have their own maintenance staff. He also noted these staff are unionized and have collective bargaining agreements. Ms. Koester said JSD staff do an amazing job with their resources; she said that CBJ proposes spending more on building maintenance than JSD currently does. She said the CBJ model provided dedicated staff to each building.

Mr. Mackey said the School Board needs to figure out a new approach with the Assembly that involves more than just asking for money. He said that means the School Board needs to be more efficient and might lose some autonomy to the Assembly.

Ms. Koester said Community Schools, a program through which the community utilizes school facilities during non-instructional hours, was another area where CBJ might be well suited to take over. She said scheduling community usage of facilities was already done within Parks and Recreation and noted that after JSD, the Parks and Recreation department was the largest user of JSD facility space. Mr. Barr said CBJ provides some funds for Community Schools outside of the cap; he said they do not believe that this program switching providers would provide much inside-the-cap savings for the school district but may free up administration time for JSD staff.

‘Wáahlaal Gídaag said this was discussed last year and asked for a summary of those discussions. Mayor Weldon said Parks and Recreation came back with a budget number for how much it would take to run the program, but then no further conversations or developments occurred.

Mr. Bryson asked if the cost of Community Schools could be increased to cover operating expenses. Mr. Hauser said the gap between cost and expenses was identified earlier this year. He said there are long-time renters that cannot currently afford a sudden increase; he said they are doing multiple staged increases over

time. Mr. Hauser noted that programs that work with youth can rent space at a reduced rate or for free. He said management of the program comes from instructional funds.

Mr. Mackey, speaking for himself and not the board, said if the district consolidated then the CBJ's newly vacated buildings could host many of the community school programs, including RALLY or pre-K.

Mr. Kelly asked about the community school staffing. Mr. Hauser said some community school workers are covered by collective bargaining agreements.

Mr. Smith asked about the other shared services in Mr. Hauser's earlier presentation. Ms. Koester said the shared services presented earlier were the ones felt to be most defensible to DEED. She said the next step is for the Assembly to receive a structured ask from the School Board, so the Assembly can talk about it at their next meeting.

Mayor Weldon requested a formal ask from the School Board by February 5, 2024, to be discussed at the February 7, 2024, Assembly Finance Committee meeting.

Members of the School Board and Assembly shared closing comments. Mr. Mackey noted the more school buildings they close the less flexibility they have in the future. Mr. Kelly said the major priority must be maintaining education options for students. Ms. Woll said the community cares about quality of education and taxes and does not make a distinction between JSD and CBJ funding. She said they will have more productive conversations as a joint body when they realize and empathize that they are hearing from different segments of the community. She said they have the same goal of figuring out how much service the community is willing to pay for. 'Wáahlaal Gídaag said she wanted additional community conversation during the decision-making process. Ms. Hughes-Skandijs said she would prefer the School Board assumes no increase to the Base Student Allocation from the State when developing future budgets. Ms. Adkison said her focus is on immediate financial issues. Mr. Bryson said he has called a joint facilities committee and for members to look for details on that soon. Mr. Smith said he would like to see reasonable options and possible costs for shared services in the next week. Ms. Frommherz said all solutions will come at a cost that will affect the public. Ms. Hale said she wanted proposals that included cuts to the district and not just cost shifting to the city. Ms. Sorensen thanked everybody and apologized for breaking the public's trust. Mayor Weldon said she testified for House Rules Committee last week warning that many school districts will have financial issues without an increase in state support. She said Juneau is a community that loves kids and will find a solution.

E. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS - None

F. SUPPLEMENTAL MATERIALS

2. JSD Budget Overview Presentation to 1/29/2024 Assembly COW

G. ADJOURNMENT – With no more business to come before the body the Special Meeting #2024-03 Joint Assembly and Board of Education adjourned at 8:32pm.

Signed: _____

Elizabeth J. McEwen
Municipal Clerk

Signed: _____

Beth A. Weldon
Mayor